

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Charter Township of Flint</b>	County <b>Genesee</b>
Audit Date <b>12/31/05</b>	Opinion Date <b>4/26/06</b>	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

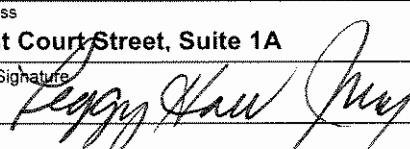
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Plante &amp; Moran, PLLC</b>			
Street Address <b>111 East Court Street, Suite 1A</b>	City <b>Flint</b>	State <b>MI</b>	ZIP <b>48502</b>
Accountant Signature 		Date <b>June 26, 2006</b>	

**Financial Report**

**Charter Township of Flint  
Genesee County, Michigan**

**December 31, 2005**

*with Independent Auditors' Report*

**Charter Township of Flint, Michigan**  
**Financial Report**  
**For the Fiscal Year Ended December 31, 2005**

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**Charter Township of Flint, Michigan  
Financial Report  
For the Fiscal Year Ended December 31, 2005**

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## **Introductory Section**

**Annual Financial Report  
Charter Township of Flint  
List of Elected Officials  
December 31, 2005**

Supervisor	Linda R. Barber
Clerk	Kim A. Courts
Treasurer	Sandra S. Wright
Trustees	Douglas C. Carlton John R. MacGillivray Belenda L. Parker Tracey Tucker

**Charter Township of Flint  
Building Authority Board**

Chairman	Galen Jamison
Secretary	William J. Churchill
Treasurer	John Ervin
Trustees	Fadwa Alghanem Thomas Svitkovich

**Charter Township of Flint  
Fire Retirement Board**

Chairman	Robert Lloyd
Vice Chairman	John Ringwelski
Treasurer	Sandra Wright
Trustees	Douglas C. Carlton Bethany Takacs

## **Financial Section**

*Independent Auditor's Report*

Honorable Members  
of the Township Board of the  
Charter Township of Flint  
Genesee County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Flint, Michigan (Township) as of December 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year summarized comparative information has been derived from the Township's 2004 financial statements. The financial statements of the Charter Township of Flint as of December 31, 2004 were audited by BKR Dupuis & Ryden, whose report dated April 28, 2005 expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. BKR Dupuis & Ryden subsequently merged into Plante & Moran, PLLC.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Flint, Michigan at December 31, 2005, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2004, from which such summarized information was derived.



The management's discussion and analysis, budgetary comparison information, and pension plan analysis of funding progress as identified in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Flint's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Plante & Moran PLLC". The signature is written in a cursive, flowing style.

April 26, 2006

## **Management's Discussion and Analysis**

## Charter Township of Flint Management's Discussion and Analysis

This section of the Charter Township of Flint annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year that ended on December 31, 2005. Please read it in conjunction with the Township's financial statements, which follow this section.

### Financial Highlights

- The Township's assets exceeded its liabilities at the close of the most recent calendar year by approximately \$18 million. This is an increase in net assets of \$393 thousand from the previous year.
- During the year, the Township's governmental expenses were \$116,462 more than the \$10,656,980 generated in taxes, other revenues and other financing sources for governmental programs.
- General fund expenditures exceeded revenues by \$461,084 reducing the General Fund fund balance to \$742,416.

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The Fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

### The Township as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year:

#### Township Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$13,290,174	\$12,657,980	\$ 5,533,718	\$ 5,503,088	\$18,823,892	\$18,161,068
Restricted cash	-	-	484,391	454,908	484,391	454,908
Capital assets	9,161,883	8,650,530	6,848,937	7,810,914	16,010,820	16,461,444
Total assets	22,452,057	21,308,510	12,867,046	13,768,910	35,319,103	35,077,420
Long-term liabilities	7,200,767	7,434,586	1,812,090	3,264,061	9,012,857	10,698,647
Other liabilities	6,982,436	5,488,608	2,243,155	1,115,493	9,225,591	6,604,101
Total liabilities	14,183,203	12,923,194	4,055,245	4,379,554	18,238,448	17,302,748

**Township Net Assets (continued)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net assets:						
Invested in capital assets						
Net of related debt	7,366,450	6,885,277	5,036,847	4,546,133	12,403,297	11,431,410
Restricted	157,744	220,915	-	-	157,744	220,915
Unrestricted	744,660	1,279,124	3,774,954	3,841,491	4,519,614	5,120,615
Total net assets	<u>\$ 8,268,854</u>	<u>\$ 8,385,316</u>	<u>\$ 8,811,801</u>	<u>\$ 8,387,624</u>	<u>\$17,080,655</u>	<u>\$16,772,940</u>

The Township's combined assets exceeded its liabilities by \$18.2 and \$17.8 million for 2005 and 2004. A large portion of the Township's net assets are invested in Capital Assets (e.g. land, buildings, vehicles, furniture and equipment) less any related debt used to acquire those assets. The Township uses these capital assets to provide services to the citizens so they are not available for future spending. Unrestricted net assets – the part of the net assets that can be used to finance day-to-day operations – decreased \$534,464 for the governmental activities.

The following table shows the changes of the net assets during the current year and as compared to the prior year:

**Township's Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,825,844	\$ 2,061,499	\$1,153,182	\$1,076,810	\$ 2,979,026	\$ 3,138,309
Operating grants and contributions	503,713	510,154	-	-	503,713	510,154
Capital grants and contributions	276,555	348,382	202,765	336,638	479,320	685,020
General revenues:						
State shared revenue	2,579,733	2,612,811	-	-	2,579,733	2,612,811
Property taxes	4,962,452	4,638,026	1,008,078	1,971,108	5,970,530	6,609,134
Other	508,683	96,456	71,444	22,874	580,127	119,330
Total revenues	<u>10,656,980</u>	<u>10,267,328</u>	<u>2,435,469</u>	<u>3,407,430</u>	<u>13,092,449</u>	<u>13,674,758</u>
Expenses:						
General government	3,350,728	3,301,036	-	-	3,350,728	3,301,036
Public safety	7,248,788	7,695,387	-	-	7,248,788	7,695,387
Other	173,926	181,397	-	-	173,926	181,397
Sewer and water	-	-	2,011,292	1,881,045	2,011,292	1,881,045
Total expenses	<u>10,773,442</u>	<u>11,177,820</u>	<u>2,011,292</u>	<u>1,881,045</u>	<u>12,784,734</u>	<u>13,058,865</u>
Increase (decrease) in net assets before transfers	(116,462)	(910,492)	424,177	1,526,385	307,715	615,893
Transfers	-	-	-	-	-	-
Increase (decrease) in net assets	(116,462)	(910,492)	424,177	1,526,385	307,715	615,893
Net assets beginning of the year	<u>8,385,316</u>	<u>9,295,808</u>	<u>8,387,624</u>	<u>6,861,239</u>	<u>16,772,940</u>	<u>16,157,047</u>
Net assets end of the year	<u>\$ 8,268,854</u>	<u>\$ 8,385,316</u>	<u>\$8,811,801</u>	<u>\$8,387,624</u>	<u>\$17,080,655</u>	<u>\$16,772,940</u>

## **Capital Assets**

At the end of 2005, the Township had invested \$7,366,450 in governmental activity capital assets, net of related debt. It also had invested \$5,036,847 in capital assets, net of related debt to be used for business type activities. Capital assets as stated in this annual financial report do not include some prior year infrastructure items such as sidewalks and roads. Financial reporting in past years has not required some infrastructure items to be included with capital assets. Recognizing the problem of having townships gather together all of the required information, GASB has allowed townships to comply with this portion of Statement 34 over a number of years. Additional information on the Township's Capital Assets can be found in note IV. D. of this report.

## **Long-term Debt**

At year-end the Township had \$6,877,588 in bonds, notes, and leases outstanding for governmental activities and \$1,812,090 in bonds and notes outstanding for business type activities.

## **Economic Factors and Next Year's Budgets**

### **Economic Factors**

- Additional revenue will be received in 2006 for a garbage assessment of approximately \$1.2 million
- The unemployment rate for Genesee County in April was 8.2%, which is a increase from a rate of 7.5% a year ago. This decrease is attributed to local conditions and is reflective of state and national trends.
- The government expects to see reduced funding from State agencies due to a reduction in tax collections as seen in a nation-wide trend of state and local revenues.
- A new business license fee was approved by the board of \$45 with an annual estimated revenue of \$100,000.
- Due to an adoption of a township wide single health care plan expenses should decrease approximately \$345,000.

### **Budgets**

The budget for 2005 was amended as required by State law. Both the original budget and amended budget have been shown in this document for 2005. The Township has again produced a timely and balanced budget for 2006.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township Clerk's Department, 1490 South Dye Road, Flint, Michigan 48532-4121.

## **Basic Financial Statements**

## **Government-wide Financial Statements**

**Charter Township of Flint**  
**Statement of Net Assets**  
**December 31, 2005**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and equivalents	\$ 93,619	\$ 2,055,619	\$ 2,149,238
Investments	13,715	203,552	217,267
Receivables:			
Taxes	6,400,014	1,035,081	7,435,095
Accounts	118,250	2,207,225	2,325,475
Accrued interest receivable	-	692	692
Special assessments	-	50,381	50,381
Due from component units	542	-	542
Due from other governments	6,563,604	-	6,563,604
Internal balances	18,832	(18,832)	-
Prepaid items	81,598	-	81,598
Restricted assets:			
Cash and cash equivalents	-	484,391	484,391
Capital assets (not depreciated)	1,676,063	-	1,676,063
Capital assets (net of accumulated depreciation)	7,485,820	6,848,937	14,334,757
<b>Total assets</b>	<b>22,452,057</b>	<b>12,867,046</b>	<b>35,319,103</b>

*See notes to financial statements.*



<u>Component Units</u>	
<u>Central Business Development Authority</u>	<u>Economic Development Corporation</u>
\$ 1,594,564	\$ 3,878
-	-
-	-
-	-
9,636	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
1,604,200	3,878

**Charter Township of Flint**  
**Statement of Net Assets (continued)**  
**December 31, 2005**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Liabilities and Net Assets</b>			
Liabilities:			
Accounts payable	225,688	106,348	332,036
Accrued liabilities	179,560	9,746	189,306
Due to primary government	-	-	-
Due to other governments	-	1,033,432	1,033,432
Unearned revenue	6,577,188	1,093,629	7,670,817
Noncurrent liabilities:			
Due within one year	388,010	543,523	931,533
Due in more than one year	6,812,757	1,268,567	8,081,324
Total liabilities	14,183,203	4,055,245	18,238,448
Net assets, as restated:			
Invested in capital assets, net of related debt	7,366,450	5,036,847	12,403,297
Restricted for:			
Special revenue	43,021	-	43,021
Debt Service	5,411	-	5,411
Economic Development	-	-	-
Community Development	-	-	-
Police	72,570	-	72,570
Other purposes	36,742	-	36,742
Unrestricted	744,660	3,774,954	4,519,614
Total net assets	\$ 8,268,854	\$ 8,811,801	\$ 17,080,655

*See notes to financial statements.*

<b>Component Units</b>	
<b>Central Business Development Authority</b>	<b>Economic Development Corporation</b>
8,307	-
3,914	-
542	-
-	-
-	-
-	-
-	-
12,763	-
-	-
-	-
-	-
-	3,878
1,591,437	-
-	-
-	-
-	-
\$ 1,591,437	\$ 3,878

**Charter Township of Flint  
Statement of Activities  
For the Year Ended December 31, 2005**

Functions\Programs	Program revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary government</b>			
Governmental activities:			
General government	\$ 3,350,728	\$ 1,122,726	\$ -
Public safety	7,248,788	703,118	225,486
Recreation and cultural	93,300	-	278,227
Interest on long-term debt	80,626	-	-
Total governmental activities	10,773,442	1,825,844	503,713
Business-type activities			
Sewer and water	2,011,292	1,153,182	-
Total business-type activities	2,011,292	1,153,182	-
Total primary government	\$ 12,784,734	\$ 2,979,026	\$ 503,713
<b>Component units:</b>			
Central Business Development Authority	\$ 659,638	\$ -	\$ -
Economic Development Authority	890	-	-
Total component units	\$ 660,528	\$ - 0 -	\$ - 0 -
General revenues:			
Property taxes			
Sales tax			
Unrestricted investment earnings			
Franchise fees			
Gain on disposal of capital assets			
Total general revenues and transfers			
Change in net assets			
Net assets - beginning as restated			
<b>Net assets - ending</b>			

*See notes to financial statements.*

**Net (Expense) Revenue and Changes in Net Assets**

Capital Grants and Contributions	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Central Business Development Authority	Economic Development Corporation
\$ 276,555	\$ (1,951,447)	\$ -	\$ (1,951,447)	\$ -	\$ -
-	(6,320,184)	-	(6,320,184)	-	-
-	184,927	-	184,927	-	-
-	(80,626)	-	(80,626)	-	-
276,555	(8,167,330)	-	(8,167,330)	-	-
202,765	-	(655,345)	(655,345)	-	-
-	-	(655,345)	(655,345)	-	-
<u>\$ 276,555</u>	<u>(8,167,330)</u>	<u>(655,345)</u>	<u>(8,822,675)</u>	-	-
-	-	-	-	(659,638)	-
-	-	-	-	-	(890)
-	-	-	-	(659,638)	(890)
4,962,452	1,008,078	5,970,530	-	-	-
2,579,733	-	2,579,733	-	-	-
133,869	71,444	205,313	55,408	17	
347,694	-	347,694	-	-	-
27,120	-	27,120	-	-	-
8,050,868	1,079,522	9,130,390	55,408	17	
(116,462)	424,177	307,715	(604,230)	(873)	
8,385,316	8,387,624	16,772,940	2,195,667	4,751	
<u>\$ 8,268,854</u>	<u>\$ 8,811,801</u>	<u>\$ 17,080,655</u>	<u>\$ 1,591,437</u>	<u>\$ 3,878</u>	

## **Fund Financial Statements**

**Charter Township of Flint**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2005**

	General	Other Governmental Funds	Totals 2005	2004
<b>Assets</b>				
Cash and cash equivalents	\$ 71,277	\$ 22,342	\$ 93,619	\$ 341,198
Investments	13,715	-	13,715	838,278
Accounts receivable:				
Taxes	6,400,014	-	6,400,014	4,548,977
Other	118,250	-	118,250	95,609
Due from other funds	136,477	-	136,477	107,235
Due from component units	542	-	542	519
Due from other governments	929,068	117,645	1,046,713	927,586
Deferred bond expense - net	-	37,776	37,776	39,197
Prepaid items	43,822	-	43,822	56,115
Total assets	<u>\$ 7,713,165</u>	<u>\$ 177,763</u>	<u>\$ 7,890,928</u>	<u>\$ 6,954,714</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 214,001	\$ 11,686	\$ 225,687	\$ 191,298
Accrued liabilities	158,832	-	158,832	147,051
Due to other funds	-	117,645	117,645	108,356
Escrow accounts and deposits	20,728	-	20,728	20,728
Deferred revenue	6,577,188	-	6,577,188	5,154,363
Total liabilities	<u>6,970,749</u>	<u>129,331</u>	<u>7,100,080</u>	<u>5,621,796</u>
<b>Fund balances:</b>				
Reserved for prepaids	43,822	-	43,822	56,115
Reserved for underground storage tank	10,000	-	10,000	10,000
Reserved for cemetery perpetual care	24,185	-	24,185	24,128
Reserved for MTA grant expenditures	2,557	-	2,557	3,406
Reserved for police contributions	27,527	-	27,527	22,527
Reserved for police banquet and awards	8,961	-	8,961	5,256
Reserved for building department	-	-	-	39,639
Reserved for state drug forfeiture	36,082	-	36,082	26,179
Reserve for police	40,497	-	40,497	-
Unreserved:				
Designated for subsequent years' expenditures	-	-	-	506,900
Unreserved, undesignated, reported in:				
General fund	548,785	-	548,785	509,349
Special revenue funds	-	43,021	43,021	124,933
Debt service funds	-	5,411	5,411	4,486
Total fund balances	<u>742,416</u>	<u>48,432</u>	<u>790,848</u>	<u>1,332,918</u>
Total liabilities and fund balances	<u>\$ 7,713,165</u>	<u>\$ 177,763</u>	<u>\$ 7,890,928</u>	<u>\$ 6,954,714</u>

*See notes to financial statements.*

**Charter Township of Flint  
Reconciliation of the Fund Balance as Reported in the  
Governmental Balance Sheet to the Statement of Net Assets  
For the Year Ended December 31, 2005**

Total Governmental Funds Fund balance as reported in the Balance Sheet	
Governmental Funds	\$ 790,848
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,161,883
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	5,516,890
Long term liabilities, including long term notes payable, are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(7,200,767)</u>
Net Assets - Governmental Activities	<u><u>\$ 8,268,854</u></u>

*See notes to financial statements.*



**Charter Township of Flint**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2005 with**  
**Comparative Totals for the Year Ended December 31, 2004**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Totals</b>	
			<b>2005</b>	<b>2004</b>
<b>Revenues:</b>				
Taxes	\$ 4,962,795	\$ -	\$ 4,962,795	\$ 4,643,688
Licenses and permits	310,212	-	310,212	288,291
Intergovernmental revenues:				
Federal	48,314	266,412	314,726	290,874
State	2,720,958	-	2,720,958	2,731,994
Charges for services	1,758,435	-	1,758,435	1,666,148
Fines and forfeits	76,916	-	76,916	69,227
Interest	132,926	943	133,869	82,512
Sub-lease income - state police post	319,561	-	319,561	319,561
Other revenue	411,510	150,810	562,320	248,064
<b>Total revenues</b>	<b>10,741,627</b>	<b>418,165</b>	<b>11,159,792</b>	<b>10,340,359</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	3,941,257	250	3,941,507	3,544,324
Public safety	7,128,903	258,933	7,387,836	7,143,983
Recreation and cultural	55,173	7,479	62,652	87,419
Insurance	347,050	-	347,050	325,028
Amortization expense	-	1,421	1,421	1,421
<b>Debt service:</b>				
Principal retirement	-	30,000	30,000	30,000
Interest and fiscal charges	-	80,625	80,625	81,826
<b>Capital outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337,464</b>
<b>Total expenditures</b>	<b>11,472,383</b>	<b>378,708</b>	<b>11,851,091</b>	<b>11,551,465</b>
<b>Deficiency of revenues     over expenditures</b>	<b>(730,756)</b>	<b>39,457</b>	<b>(691,299)</b>	<b>(1,211,106)</b>
<b>Other financing sources (uses):</b>				
Sale of property and equipment	23,958	-	23,958	12,000
Transfers in	120,444	-	120,444	54,055
Transfers out	-	(120,444)	(120,444)	(54,055)
Proceeds from capital lease obligation	125,270	-	125,270	-
<b>Total other financing     sources (uses)</b>	<b>269,672</b>	<b>(120,444)</b>	<b>149,228</b>	<b>12,000</b>
<b>Excess (deficiency) of revenues     and other sources over     expenditures and other sources (uses)</b>	<b>(461,084)</b>	<b>(80,987)</b>	<b>(542,071)</b>	<b>(1,199,106)</b>
<b>Fund balances - beginning of year</b>	<b>1,203,500</b>	<b>129,419</b>	<b>1,332,919</b>	<b>2,532,025</b>
<b>Fund balances - end of year</b>	<b>\$ 742,416</b>	<b>\$ 48,432</b>	<b>\$ 790,848</b>	<b>\$ 1,332,919</b>

*See notes to financial statements.*

**Charter Township of Flint  
Reconciliaton of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended December 31, 2005**

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in fund balances - total governmental funds	\$ (542,071)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	511,353
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(319,563)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items	233,819
	<u>\$ (116,462)</u>

*See notes to financial statements.*

**Charter Township of Flint  
Statement of Net Assets  
Proprietary Funds  
December 31, 2005 and 2004**

	<b>Enterprise Fund</b>	
	<b>Sewer and Water</b>	
	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,055,619	\$ 2,183,261
Investments	203,552	120,667
Receivables:		
Taxes	1,028,588	895,350
Accounts	994,248	973,865
Unbilled	1,219,470	1,230,038
Special assessments - current portion	16,078	16,065
Tap-in contracts - current portion	4,293	6,698
Accrued interest	692	46
Due from other funds	-	56,395
Prepaid items	-	1,432
Total current assets	<b>5,522,540</b>	<b>5,483,817</b>
Noncurrent assets:		
Restricted cash	484,391	454,907
Capital assets - net of accumulated depreciation	6,848,937	7,810,194
Special assessments receivable - long-term portion	19,096	41,683
Tap-in contracts receivable - long-term portion	10,914	14,016
Total noncurrent assets	<b>7,363,338</b>	<b>8,320,800</b>
Total assets	<b>\$ 12,885,878</b>	<b>\$ 13,804,617</b>

*See notes to financial statements.*

		<b>Enterprise Fund</b>	
		<b>Sewer and</b>	
		<b>Water</b>	
		<b>2005</b>	<b>2004</b>
<b>Liabilities</b>			
Current liabilities (payable from current assets):			
Accounts payable	\$	106,348	\$ 63,058
Accrued liabilities		9,746	7,963
Due to other funds		18,832	29,788
Due to other governments		1,033,432	1,044,472
Deferred revenue		1,093,629	1,007,651
Note payable - current portion		543,523	1,451,973
Total current liabilities		2,805,510	3,604,905
Note payable - long term portion		1,268,567	1,812,088
Total liabilities		4,074,077	5,416,993
Net assets:			
Invested in capital assets, net of related debt		5,036,847	4,546,133
Unrestricted , as restated		3,774,954	3,841,491
Total net assets		8,811,801	8,387,624
Total liabilities and net assets	\$	12,885,878	\$13,804,617

**Charter Township of Flint**  
**Statement of Revenues, Expenses, and**  
**Changes in Fund Net Assets**  
**Proprietary Fund**  
**For the Year Ended December 31, 2005 and 2004**

	<b>Enterprise Fund</b>	
	<b>Sewer and Water</b>	
	<b>2005</b>	<b>2004</b>
Operating revenues:		
Charges for services	\$ 966,395	\$ 904,790
Fines and forfeits	175,655	162,497
Miscellaneous	425	216
Total operating revenues	<u>1,142,475</u>	<u>1,067,503</u>
Operating expenses:		
Personnel services	425,242	363,675
Professional services	23,755	21,299
Supplies	380	573
Repairs	368,195	238,497
Rent	352	117
Contractual	15,577	27,920
Insurance	68,314	56,295
New equipment	158	406
Depreciation	994,691	990,815
Miscellaneous	2,714	2,264
Total operating expenses	<u>1,899,378</u>	<u>1,701,861</u>
Operating loss	<u>(756,903)</u>	<u>(634,358)</u>
Non-operating revenues (expenses):		
Taxes	1,008,078	1,971,108
Interest revenue	78,081	32,181
Applied county surplus	4,069	-
Interest expense and fiscal charges	(111,913)	(179,184)
Total non operating revenues	<u>978,315</u>	<u>1,824,105</u>
Income before contributions	<u>221,412</u>	<u>1,189,747</u>
Capital contributions	<u>202,765</u>	<u>336,638</u>
Change in net assets	<u>424,177</u>	<u>1,526,385</u>
Net assets-beginning of year, as restated	<u>8,387,624</u>	<u>6,861,239</u>
<b>Net assets-end of year</b>	<u><u>\$ 8,811,801</u></u>	<u><u>\$ 8,387,624</u></u>

*See notes to financial statements.*

**Charter Township of Flint**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Years Ended December 31, 2005 and 2004**

	<b>Enterprise Fund</b>	
	<b>Sewer and</b>	
	<b>Water</b>	
	<b>2005</b>	<b>2004</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers and users	\$ 1,189,055	\$ 920,159
Payments to vendors	(869,222)	(660,940)
Net cash provided by operating activities	<b>319,833</b>	<b>259,219</b>
<b>Cash flows from investing activities:</b>		
Sale (purchase) of investments	(82,885)	359,403
Interest on investments	77,435	32,181
Net cash provided by (used in) investing activities	<b>(5,450)</b>	<b>391,584</b>
<b>Cash flows from non-capital financing activities:</b>		
Borrowings from other funds	(10,956)	6,041
Net cash provided by (used in) non-capital financing activities	<b>(10,956)</b>	<b>6,041</b>
<b>Cash flows from capital and related and financing activities:</b>		
Proceeds from property tax levy (restricted for debt service)	960,818	998,961
Collection of customer assessments	230,846	366,481
Repayment of long-term debt	(1,447,902)	(1,598,826)
Purchase of capital assets	(33,434)	(117,209)
Interest payments	(111,913)	(179,185)
Net cash used in capital and related financing activities	<b>(401,585)</b>	<b>(529,778)</b>
Net increase (decrease) in cash and cash equivalents	<b>(98,158)</b>	<b>127,066</b>
Cash and cash equivalents - beginning of year	<b>2,638,168</b>	<b>2,511,102</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 2,540,010</b>	<b>\$ 2,638,168</b>
<i>(including \$484,391 reported in restricted accounts in the sewer and water fund)</i>		
<b>Cash flows from operating activities:</b>		
Operating loss	\$ (756,903)	\$ (634,358)
Adjustments to reconcile operating loss to net cash provided by operations:		
Depreciation and amortization	994,691	990,815
Changes in operating assets and liabilities:		
Accounts receivable	(9,815)	(90,948)
Due from other funds	56,395	(56,395)
Prepaid expenses and other assets	1,432	-
Accounts payable	43,290	17,395
Accrued liabilities	1,783	(336)
Due to other governments	(11,040)	33,046
Net cash provided by operating activities	<b>\$ 319,833</b>	<b>\$ 259,219</b>

See notes to financial statements.

**Charter Township of Flint**  
**Statement of Net Assets**  
**Fiduciary Funds**  
**December 31, 2005**

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 60,739	\$ 3,260,733
Investments:		
Mutual funds	3,274,512	-
Receivables:		
Delinquent taxes	-	231,696
Accrued interest	5,343	-
	<hr/>	<hr/>
Total assets	3,340,594	3,492,429
	<hr/>	<hr/>
Liabilities:		
Accrued liabilities	-	392,369
Due to other governments	-	219,072
Undistributed taxes	-	2,880,988
	<hr/>	<hr/>
Total liabilities	-	3,492,429
	<hr/>	<hr/>
Net assets:		
Held in trust for pension benefits	\$ 3,340,594	\$ - 0 -
	<hr/> <hr/>	<hr/> <hr/>

*See notes to financial statements.*

**Charter Township of Flint  
Statement of Changes in Plan Net Assets  
Firefighters' Pension Trust Fund  
For the Year Ended December 31, 2005**

Additions:	
Contributions	\$ 445,855
Investment interest	<u>283,976</u>
Total additions	<u>729,831</u>
Deductions:	
Net increase in fair value of plan assets	119,647
Benefit payments	431,605
Administrative fees	<u>7,398</u>
Total deductions	<u>558,650</u>
Net increase in assets held in trust for pension benefits	171,181
Net assets - beginning of the year	<u>3,169,413</u>
Net assets - end of the year	<u><u>\$ 3,340,594</u></u>



## **Notes to Basic Financial Statements**

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**I. Summary of significant accounting policies**

The accounting policies of the Charter Township of Flint (Township) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Flint.

**A. Reporting entity**

The Charter Township of Flint was incorporated July 17, 1978, under the provisions of Act 90, P.A. 1976, as amended (Charter Township). The Township provides the following services: public safety (police, fire, and building inspection), garbage, water, sanitary sewer, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although they can be legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

**Blended component units:**

Charter Township of Flint Firefighters' Trust Fund:

- \* Governing board is made up of Township employees and elected officials
- \* Pension board approves investment policies
- \* Pension board provides services exclusively to Charter Township employees (current and retired)

Charter Township of Flint Building Authority:

- \* Governing board is made up of Township employees and Township residents
- \* Board provides services exclusively to the Charter Township for the purpose of overseeing future construction projects

**Discretely presented component units:**

The component units' columns in the combined financial statements include the financial data of the Township's two other component units. These units are reported in a separate column to emphasize that they are legally separate from the Township.

Central Business Development Authority, Charter Township of Flint (CBDA):

- \* Township appoints governing board
- \* Township approves budget of Authority
- \* Township must approve any tax levy of the Authority
- \* Surplus funds existing at termination of the Authority revert back to the respective taxing authorities

Complete financial statements of the individual component unit can be obtained directly from their administrative offices located on:

2503 South Linden Road  
Flint, Michigan

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**I. Summary of significant accounting policies – (continued)**

**A. Reporting entity – (continued)**

**Discretely presented component units: - (continued)**

Charter Township of Flint Economic Development Corporation (EDC):

- \* Township appoints governing board
- \* Township approves budget of the EDC
- \* Township created the EDC
- \* Township provides employees and facilities for the EDC

All financial information of this component unit has been included in these financial statements. There are no separately issued financial statements.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**I. Summary of significant accounting policies – (continued)**

**C. Measurement focus, basis of accounting, and financial statement presentation – (continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary fund:

The Water and Sewer Fund is maintained for the operations of the water distribution system and sewage pumping and collection systems.

Additionally, the government reports the following fund types:

The Pension Trust fund accounts for the activities of the fire fighters' fund utilized to pay retirement for Township fire fighters retirees. The funds accumulate resources for pension benefits financed by both employer and employee contributions.

Agency Funds account for assets held by the Township as an agent for individuals, private organizations and other governments.

Pension Trust and Agency funds are reported as fiduciary funds and are not included in the government wide Statement of Net Assets and Statement of Activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**I. Summary of significant accounting policies – (continued)**

**C. Measurement focus, basis of accounting, and financial statement presentation – (continued)**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

The Proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

**Property tax revenue**

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on the following December 1, and are payable without penalty through February 28. However, the revenues generated by the tax levy cannot be appropriated until the budget year following the levy date. The asset created by the levy on December 1 is recorded in the appropriate fund as current taxes receivable. In addition, a deferred revenue offset account is recorded recognizing the funds as unavailable for current appropriation. Revenues generated by the levy of a 1% property tax administrative fee are recognized on a cash basis. Uncollected fees as of December 31, 2005, are recorded as a receivable with an offsetting deferred revenue account in the General Fund.

The Township is permitted by law to levy up to \$5.00 per \$1,000 (5 mills) of taxable value for general governmental services other than the payment of principal and interest on long-term debt. The tax rate to finance such general governmental services for the year ended December 31, 2005, was \$4.653 per \$1,000. The Township is permitted to levy unlimited amounts for payment of existing general long-term debt obligations. As of December 31, 2005, \$1.000 per \$1,000 of taxable valuation was being levied for long-term debt retirement.

**D. Assets, liabilities, and net assets or equity**

**1. Deposits**

The Township's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**I. Summary of significant accounting policies - (continued)**

**D. Assets, liabilities, and net assets or equity - (continued)**

2. Investments:

Investments for the Township, as well as for its component units, are stated at fair value. Certificates of deposit with a maturity date of greater than three months at time of purchase are recorded as investments on the financial statements.

3. Receivables and payables

In general, any outstanding balance between funds are reported as "due to/from other funds", activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade, notes, contracts, and property tax receivables are shown net of an allowance for uncollectibles.

4. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted assets

The Enterprise fund has a tax levy for payment of debt service principal and interest. The amounts have been classified as restricted assets.

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with accounting principles generally accepted in the United States of America, recorded infrastructure assets include only those acquired beginning with the year ended December 31, 2003. Prior to the implementation of GASB No. 34, records on these assets were not maintained. The Township has five years to retroactively determine costs and accumulated depreciation for infrastructure assets acquired prior to January 1, 2003 and record those assets on the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**I. Summary of significant accounting policies - (continued)**

**D. Assets, liabilities, and net assets or equity - (continued)**

6. Capital assets - (continued)

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	7 - 20
Vehicles	2 - 15
Equipment and furniture	3 - 15
Computer equipment	5 - 10
System infrastructure	10

7. Accumulated unpaid sick pay

It is the Township's policy to pay firefighters ½ of their unused sick time at retirement. All other Township employees are paid for unused sick days on an annual basis. There is no liability for unpaid accumulated vacation since the Township does not have a policy to pay any amounts when employees separate from service with the Township.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

- Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.
- The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**I. Summary of significant accounting policies - (continued)**

**D. Assets, liabilities, and net assets or equity - (continued)**

11. Comparative data/reclassifications

Comparative total data for the prior year has been presented only for the Enterprise Fund and in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**II. Reconciliation of government-wide and fund financial statements**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between *fund balance -total governmental funds* and *net assets -governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds and notes payable	\$6,767,155
Capital leases payable	110,433
Compensated absences	<u>323,179</u>
Net adjustment to reduce <i>fund balance -total governmental funds</i> to arrive at <i>net assets -governmental activities</i>	<u><u>\$7,200,767</u></u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances -total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated use-full lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$1,105,924
Depreciation expense	<u>(594,571)</u>
Net adjustment to increase <i>net changes in fund balances -</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>	<u><u>\$ 511,353</u></u>



**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**III. Stewardship, compliance, and accountability**

**A. Budgetary information**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue Funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted on a departmental (activity) basis through passage of a resolution for all budgeted funds. A comparison of actual results of operation to the General Fund budget as prepared by the Board is included in the basic financial statements by examining the fund totals. The additional amounts shown on this statement are in greater detail than the budget that was adopted and are used to provide additional analysis for management purposes.
4. The Supervisor or designee is authorized to transfer budgeted amounts within departmental appropriation accounts, however, any revisions that alter the total expenditures of any department must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budget appropriations lapse at year end except for certain grants which are appropriated on a grant or entitlement length basis. Individual funds that have expenditures budgeted in this manner are:

- Community Development Special Revenue Fund

As a result of its different budget perspective, this fund is excluded from the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.

7. The original budget was amended during the year in compliance with the Township Charter and applicable state laws. The budget amounts reported in the financial statements represent the final budgeted expenditures as amended by the Township.

**B. Budget and actual comparisons - grant/project length budgets:**

The following is a comparison of budget (on a project (grant) length basis) and actual expenditures for the Community Development Fund for the year ended December 31, 2005.

	Revised Project (Grant) Length Budget	Project Funds Expended During 2005	Total Project Funds Expended Through 12-31-05	Unexpended Balance at 12-31-05
Special Revenue Fund Type:				
Community Development Fund:				
Public safety	\$282,242	\$258,934	\$258,934	\$ 23,308
Recreation and cultural	23,193	7,478	7,478	15,715
Total Community Development	<u>\$305,435</u>	<u>\$266,412</u>	<u>\$266,412</u>	<u>\$ 39,023</u>

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**III. Stewardship, compliance, and accountability**

**C. Excess of expenditures over appropriations**

The following departments (activities) incurred expenditures in excess of appropriations:

	<u>Final Budget</u>	<u>Actual</u>	Actual Over Amended <u>Budget</u>
General fund:			
Township hall and grounds	\$ 139,730	\$ 415,697	\$275,967
General administration	2,141,260	2,157,805	16,545
Library/Senior Center	53,419	55,173	1,754

**IV. Detailed notes on all funds**

**A. Deposits and investments**

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The pension trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate ( if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The Township has designated five banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**IV. Detailed notes on all funds – (continued)**

**A. Deposits and investments – (continued)**

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the Township had \$6,216,404 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. At year end, the pension fund investments subject to interest rate risk is as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Mutual fund – fixed income	\$1,189,882	5-16 years

Credit risk:

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of the fixed income mutual funds held by the pension fund (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Mutual fund – fixed income	\$1,189,882	5 stars	Morningstar

Concentration of credit risk:

The Township limits the investment in commercial paper to not more than 50% of any fund at any time.

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**IV. Detailed notes on all funds - (continued)**

**B. Receivables**

Receivables as of year end for the Township's individual major funds and nonmajor, enterprise, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities and fiduciary funds:

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$6,400,014	\$231,696	\$6,631,710
Accounts	118,250	-	118,250
Intergovernmental	929,068	117,645	1,046,713
Gross receivables	7,447,332	349,341	7,796,673
Less: allowance for uncollectibles	-	-	-
Net total receivables	<u>\$7,447,332</u>	<u>\$349,341</u>	<u>\$7,796,673</u>

Business type activities:

	<u>Water and Sewer</u>
Receivables:	
Taxes	\$1,028,588
Accounts	994,248
Unbilled	1,219,470
Interest	692
Special assessments	35,174
Tap-ins	15,207
Gross receivables	3,293,379
Less: allowance for uncollectibles	-
Net total receivables	<u>\$3,293,379</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes	\$6,577,188	\$ -
Total	<u>\$6,577,188</u>	<u>\$ -0-</u>

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**IV. Detailed notes on all funds - (continued)**

**D. Capital assets**

Capital asset activity for the year ended December 31, 2005 was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,664,863	\$ 11,200	\$ -	\$ 1,676,063
Total capital assets, not being depreciated	1,664,863	11,200	-	1,676,063
Capital assets, being depreciated:				
Buildings and building improvements	6,629,075	265,355	-	6,894,430
Machinery and equipment	3,293,259	377,589	247,904	3,422,944
Vehicles	1,991,726	169,864	73,700	2,087,890
Furniture	262,751	9,864	18,313	254,302
Infrastructure	329,617	272,052	-	601,669
Total capital assets being depreciated	12,506,428	1,094,724	339,917	13,261,235
Accumulated depreciation:				
Building and building improvements	1,336,374	223,815	-	1,560,189
Machinery and equipment	2,467,305	210,863	247,904	2,430,264
Vehicles	1,591,555	129,729	73,700	1,647,584
Furniture	116,258	20,895	18,313	118,840
Infrastructure	9,269	9,269	-	18,538
Total accumulated depreciation	5,520,761	594,571	(339,917)	5,775,415
Governmental activities capital assets, net	\$ 8,650,530	\$ 511,353	\$ -0-	\$ 9,161,883
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 85,123	\$ -	\$ (85,123)	\$ -
Total capital assets not being depreciated	85,123	-	(85,123)	-
Capital assets, being depreciated:				
System	39,212,740	110,242	-	39,322,982
Machinery and equipment	136,266	8,315	-	144,581
Total capital assets, being depreciated	39,349,006	118,557	-	39,467,563
Less accumulated depreciation for:				
System	31,519,960	984,723	-	32,504,683
Machinery and equipment	103,975	9,968	-	113,943
Total accumulated depreciation	31,623,935	994,691	-	32,618,626
Total capital assets, being depreciated, net	\$ 7,725,071	\$ (876,134)	\$ -0-	\$ 6,848,937
Business-type capital assets, net	\$ 7,810,194	\$ (876,134)	\$ (85,123)	\$ 6,848,937

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**IV. Detailed notes on all funds - (continued)**

**D. Capital assets – (continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Current:

General government	\$ 90,510
Public safety	484,464
Recreation and cultural	<u>19,597</u>

Total depreciation expense - governmental activities	<u><u>\$594,571</u></u>
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Discretely presented component units capital asset activity:

The Flint Township EDC and Flint Township CBDA do not have any capital asset activity.

**E. Interfund receivables and payables**

The composition of interfund balances as of December 31, 2005 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer and water	\$ 18,832
	Community development	<u>117,645</u>
Total General Fund		<u><u>\$136,477</u></u>

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government:		
General Fund	Component Unit – CBDA	<u><u>\$ 542</u></u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
Drug Abuse Resistance Education	General Fund	\$ 50,444
Public Improvement	General Fund	55,000
Building Authority	General Fund	<u>15,000</u>
Total		<u><u>\$120,444</u></u>

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**IV. Detailed notes on all funds - (continued)**

**F. Long-term debt**

The government issues bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Contractual agreements and installment purchase agreements are also general obligations of the government.

Long-term liability activity for the year ended December 31, 2005 can be summarized as follows:

	<u>General Obligation Bonds</u>	<u>Other Notes</u>	<u>Accumulated Annual and Sick Pay</u>	<u>Total</u>
Governmental activities:				
Debt at January 1, 2005	\$1,715,000	\$5,409,296	\$310,290	\$ 7,434,586
Principal payments made	(30,000)	(360,603)	-	(390,603)
Debt issued	-	143,895	-	143,895
Net change – sick pay	-	-	12,889	12,889
Total governmental activities long-term debt	<u>1,685,000</u>	<u>5,192,588</u>	<u>323,179</u>	<u>7,200,767</u>

The following is a summary of Business-Type long-term liability activity of the Township for the year ended December 31, 2005:

Business-type activities:				
Long-term debt payable at January 1, 2005	2,287,444	976,617	-	3,264,061
Principal payments made	(541,027)	(910,944)	-	(1,451,971)
Total business-type Activities long-term debt at December 31, 2005	<u>1,746,417</u>	<u>65,673</u>	<u>-</u>	<u>1,812,090</u>
Total long-term debt - all activities December 31, 2005	<u>\$3,431,417</u>	<u>\$5,258,261</u>	<u>\$323,179</u>	<u>\$ 9,012,857</u>

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**IV. Detailed notes on all funds - (continued)**

**F. Long-term debt**

A summary of long-term liability transactions for the year ended December 31, 2005, and the composition of the December 31, 2005, long-term debt balance follows:

	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Original Amount of Issue</u>	<u>Balance at December 31, 2004</u>	<u>Issuances During Year</u>
Governmental Activities:					
State Police Post	2025	N/A	\$7,059,156	\$5,286,660	\$ -
Copier capital lease	2007	N/A	17,294	11,003	-
Copier capital lease	2008	N/A	35,147	28,216	-
Road assessment payable	2013	N/A	Various	83,417	18,625
Building Authority Bonds - Series 2003	2031	4.3-5.0%	1,800,000	1,715,000	-
Police vehicle leases	2007	N/A	124,920	-	125,270
Accrued annual and sick pay				310,290	12,889
Total governmental activities				<u>\$7,434,586</u>	<u>\$156,784</u>

Contracts:

The Township entered into a lease agreement with G & K Associates for the state police post building. The lease payments are detailed below:

<u>Year Ended December 31</u>	<u>Principal Requirements</u>
2006	\$ 295,416
2007	295,416
2008	295,416
2009	295,416
2010	295,416
2011-2015	1,462,616
2016-2020	1,043,160
2021-2025	<u>1,008,388</u>
	<u>\$4,991,244</u>



Retirements During <u>Year</u>	Balance at December 31, <u>2005</u>	Due Within One <u>Year</u>
\$(295,416)	\$4,991,244	\$295,416
(3,427)	7,576	3,776
(7,103)	21,113	7,676
(11,131)	90,911	11,131
(30,000)	1,685,000	30,000
(43,526)	81,744	40,011
-	323,179	-
<u>\$(390,603)</u>	<u>\$7,200,767</u>	<u>\$388,010</u>

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**IV. Detailed notes on all funds - (continued)**

**F. Long-term debt - (continued)**

Governmental activities – State Police Post – (continued)

The Township entered into a sub-lease agreement with the State of Michigan for the state police post building. The amounts to be received by the Township from the State of Michigan are detailed below:

<u>Year Ended December 31</u>	<u>Principal Requirements</u>
2006	\$ 319,561
2007	319,561
2008	319,561
2009	319,561
2010	319,561
2011-2015	1,597,806
2016-2020	1,160,640
2021-2025	<u>1,160,640</u>
	<u>\$5,516,891</u>

Business activities:

	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Original Amount of Issue</u>	<b>Balance at December 31, 2004</b>	<b>Issuances (Retirements) During Year</b>
Business activities:					
McCollum Drain Note	April 1, 2010	5.0-5.6%	\$ 129,350	\$ 76,617	\$ 10,943
Flint Township Arm SS #1	April 1, 2005	4.6	4,500,000	200,000	200,000
Flint Township Laterals – Series 1998	April 1, 2010	3.75-4.65	3,335,000	1,390,000	310,000
1971 Township Laterals	April 1, 2005	4.0-5.1	7,000,000	400,000	400,000
1972 Township Interceptor	April 1, 2005	4.0-5.4	5,500,000	300,000	300,000
Water Supply System 1 – Refunding Series 1998 Contract	April 1, 2008	3.75-4.50	2,261,385	<u>897,444</u>	<u>231,027</u>
Total business-type activities				<u>\$3,264,061</u>	<u>\$1,451,970</u>

<b>Balance at</b> December 31, <u>2005</u>	<b>Due Within</b> One <u>Year</u>
\$ 65,674	\$ 11,940
-	-
1,080,000	305,000
-	-
-	-
666,417	226,583
<u>\$1,812,091</u>	<u>\$543,523</u>

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**IV. Detailed notes on all funds - (continued)**

**F. Long-term debt - (continued)**

McCollum drain note:

In late 1993, the Township of Flint and Flint Township received a court judgment to pay for the repair of the McCollum Storm Drain. This drain services the Sunridge Apartment complex. Cost of the repair was allocated among three governmental units with Flint Township's portion being 9.95%.

To pay for the repair of the drain, the Genesee County Drain office issued Limited Tax Obligation Bonds in the amount of \$1,500,000. Only the Township percentage of the debt, \$136,318, was originally recorded in the Township's accounting records. The principal balance owed at December 31, 2005 is \$65,673.

The court settlement also included a provision whereby the Sunridge complex is to reimburse Flint Township one-half of the Township's costs by way of annual assessments over a ten year period. The remaining amount due from the Sunridge complex at December 31, 2005 is, \$38,308, and has been recorded in the Sewer & Water Fund as accounts receivable.

Genesee County contracts:

The Township has entered into several contracts noted above with the County of Genesee for the construction of various sewer and water facilities. The one remaining project and Flint Township's percentage is as follows:

Water Supply System #1 Refunding Series 1998	88.8560%
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The contracts for all other facilities are 100% operated by Flint Township. Only the Township percentage of construction costs and debt have been recorded in the Township's accounting records. Pursuant to the above mentioned contracts, the County has sold several bond issues.

Annual debt service requirements to maturity for the above obligations are as follows:

Year End <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 388,010	\$ 84,612	\$ 543,523	\$ 69,523
2007	395,373	81,048	534,578	45,570
2008	346,691	76,684	526,130	21,725
2009	341,547	75,150	207,859	9,879
2010	341,547	73,750	-	-
2011-2015	1,717,872	344,730	-	-
2016-2020	1,328,160	292,530	-	-
2021-2025	1,388,388	216,360	-	-
2026-2030	510,000	109,750	-	-
2031	120,000	6,000	-	-
Total	<u>\$6,877,588</u>	<u>\$1,360,614</u>	<u>\$1,812,090</u>	<u>\$146,697</u>

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**IV. Detailed notes on all funds - (continued)**

**F. Long-term debt - (continued)**

Advance refundings and defeasance:

During 1998, the Township defeased its Flint Township Laterals, Laterals Series 2 and Water Supply System #1 contracts by the issuing of Refunding Bonds Series 1998. The proceeds were placed in an irrevocable trust to provide for all future debt service payments on the old contracts. Accordingly, the trust account assets and the liability for the defeased contracts are not included in the general purpose financial statements. At December 31, 2005, \$1,100,000 of the Lateral contract and \$746,420 of the Water Supply System #1 contract are considered defeased.

**V. Other information**

**A. Deferred compensation**

The Township offers its employees a Deferred Compensation Plan created in accordance with IRC Section 457. The plan, available to substantially all Township employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency.

The law was changed to allow trusts to be created for the plan assets, thereby, insulating the assets from the Township's general creditors. The Township's plan administrator created the trust and placed the assets of the plan within the trust. As a result, the plan assets are not shown on the financial statements to reflect that the Township has no fiduciary or administrative responsibility for this plan.

**B. Retirement plans and other post-employment benefits**

Retirement plans:

The Township has five separate pension plans, one for the firefighters, one for police officers and the Controller, one for full-time clerical staff and some non-union, one for elected officials and non-union employees, and one for police communication operators. Benefit provisions and contribution obligations have been established by the Township Board.

**a. Firefighters' Pension Trust:**

Defined benefit plan:

Plan description:

The Township has a single employer defined benefit pension plan which covers substantially all full-time firefighters. The plan was established in accordance with the State of Michigan's Public Act 345 of 1937. The plan is administered by a five-member Board of Trustees comprised of two members of the Township's administration and three other Township employees. Investments of the plan are made through JP Morgan Chase Bank Trust Department. The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits.

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**V. Other information – (continued)**

**B. Retirement plans and other post-employment benefits – (continued)**

Retirement plans: – (continued)

a. Firefighters' Pension Trust:

Defined benefit plan:

Funding policy:

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining unit and requires a contribution from the employees of 8 percent wages for full-time firefighters.

Annual pension costs:

For year ended December 31, 2005, the Township's annual pension cost of \$370,488 for the plan was more than the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2004, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, (b) projected salary increases of 4.5 to 7.5 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 25 years.

Three-year trend information:

	<u>Fiscal year ended December 31:</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Annual pension cost	\$370,488	\$365,083	\$316,172
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

	<u>Actuarial Valuation as of December 31:</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Actuarial value of assets	\$3,209,627	\$3,123,648	\$3,117,819
Actuarial Accrued Liability (entry age)	6,317,924	5,704,006	5,646,173
Unfunded AAL	3,108,297	2,580,358	2,528,354
Funded ratio	50.8%	54.8%	55.2%
Covered payroll	912,917	691,434	705,940
UAAL as a percentage of covered payroll	340.4%	373.2%	358.2%

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**V. Other information – (continued)**

**B. Retirement plans and other post-employment benefits – (continued)**

Retirement plans: – (continued)

b. Police Officers' and Controller's Pension Plan:

Defined benefit plan:

Plan description:

The Township participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers patrol officers and controller. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding policy:

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining unit and requires a capped contribution from the employer of 7 percent wages with the employee responsible for the actuarial contribution over the employer cap for patrol officers and controller.

Annual pension costs:

For year ended December 31, 2005, the Township's annual pension cost of \$181,580 for the plan was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2003, using the entry age normal actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, (b) projected salary increases of 4.5 to 8.7 percent per year, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 33 years.

Three-year trend information:

	<u>Fiscal year ended December 31:</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Annual pension cost	\$181,580	\$183,770	\$183,770
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-
	<u>Actuarial Valuation as of December 31:</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Actuarial value of assets	\$ 8,956,274	\$8,022,622	\$7,020,866
Actuarial Accrued Liability (entry age)	11,610,522	9,695,352	8,935,062
Unfunded AAL	2,654,248	1,672,730	1,914,196
Funded ratio	77%	82.7%	78.6%
Covered payroll	2,643,528	2,603,734	2,438,222
UAAL as a percentage of covered payroll	100%	64.2%	78.5%

**Charter Township of Flint**  
**Notes to Financial Statements**  
**December 31, 2005**

**V. Other information – (continued)**

**B. Retirement plans and other post-employment benefits - (continued)**

Retirement plans: - (continued)

c. Clerical/Full-Time Non-Union Plan:

Defined benefit plan:

Plan description:

The Township participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers clerical/full-time and some non-union employees. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding policy:

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining unit and requires a contribution from the employees of 5 percent wages for clerical/full-time and some non-union employees.

Annual pension costs:

For year ended December 31, 2005, the Township's annual pension cost of \$47,588 for the plan was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2003, using the entry age normal actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, (b) projected salary increases of 4.5 to 8.7 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 30 years.

Three-year trend information:

	<u>Fiscal year ended December 31:</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Annual pension cost	\$ 47,588	\$ 40,748	\$ 39,298
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

	<u>Actuarial Valuation as of December 31:</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Actuarial value of assets	\$1,313,307	\$1,182,844	\$1,008,799
Actuarial Accrued Liability (entry age)	1,473,291	1,388,449	1,263,195
Unfunded AAL	159,984	205,605	254,396
Funded ratio	89%	85.2%	79.9%
Covered payroll	632,715	603,598	670,646
UAAL as a percentage of covered payroll	25%	34.1%	37.9%



**Charter Township of Flint**  
**Notes to Financial Statements**  
**December 31, 2005**

**V. Other information – (continued)**

**B. Retirement plans and other post-employment benefits - (continued)**

Retirement plans: - (continued)

d. General pension plan:

All other employees not described in a previous plan changed to a defined contribution plan through the Michigan Municipal Employees Retirement System (MERS). The details of the two defined contribution plans offered by the Township are as follows:

	Elected Officials and Non-Union Employees	Police Communication Operators
Employee contribution %	5%	5%
Employer contribution %	10%	5%
Vesting	Immediate	20% per year over 5 years
Employee contributions for 12/31/05	\$39,640	\$5,146
Employer contribution for 12/31/05	\$40,556	\$5,146

Flint Township CBDA also participates in the elected officials and non-union employees plan. CBDA employee and employer contributions under this plan amounted to \$5,237 and \$5,237, respectively, for the year ended December 31, 2005.

e. Post retirement benefits:

The Township provides post retirement benefits (health, dental, and optical) to all Township retirees. Life insurance is also provided to non fire and police retirees. The total cost for these benefits for 2005 was \$336,262. The total number of eligible retirees amounted to 30 at December 31, 2005. The Township pays for 100% of these costs as incurred and provides no funding for them as they are earned. There are no provisions for employee contributions.

**C. Construction code revenues/expenditures**

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. These rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed the revenues. The Township chose the latter because historically, the expenditures have exceeded revenues. The activity related to construction code activity for the year ended December 31, 2005 is as follows:

Construction permit revenue	\$ 258,602
Expenditures:	
Professional services	(301,996)
Expenditures over revenues	(43,394)
Beginning fund balance	39,639
Ending fund balance	<u>\$ -0-</u>

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**V. Other information – (continued)**

**D. Summary disclosures of significant contingent liabilities**

The Township participates in federally assisted grant programs. These programs are subject to program compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time although the Township expects such amount, if any, to be immaterial.

The Township is a defendant in several lawsuits relating to various issues. Legal counsel estimates that any potential claims arising against the Township resulting from such litigation would not materially affect the financial statements of the Township.

**E. Risk management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries, as well as medical benefits provided to employees. The Township has purchased commercial insurance for property, liability, wrongful acts, law enforcement, automobile, bond, crime, inland marine, and boiler claims. The Township participates in the Michigan Township Participation Plan for claims relating to liability, no fault and excess comprehensive coverage and in the Michigan Municipal Worker's Compensation Fund for claims relating to workmen's compensation. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. During calendar year 2005, the deductible on police cars was lowered to \$2,500.

The Michigan Township Participation Plan operates as an insurance - purchasing pool for local units of government in Michigan. The Michigan Municipal Compensation Fund also operates as an insurance - purchasing pool for local units of government in Michigan. These plans purchase commercial insurance on behalf of their members at a lower cost than would be available on an individual basis.

**F. Commitment**

The Township has signed a long term contract with a vendor to provide waste management services. The following amounts are to be paid to the vendor per the contract based on collection at 9,490 homes, a fixed annual fee for mobile homes collection of \$97,860 and annual land fill tax of \$2,278.

2006	\$1,113,670
2007	1,136,446
2008	1,159,222
2009	1,181,998
2010	1,205,912

**G. Net asset restatement**

The balance of the net assets of the Governmental Activities at December 31, 2004 has been restated to correct an error. The adjustment reflects property tax revenues that should not have been recognized at December 31, 2004 at the government-wide level but deferred due to the 60 day revenue recognition rules.

	<u>Governmental Activities</u>	<u>Sewer Fund</u>	<u>Business-type Activities</u>
Net assets at December 31, 2004, as previously reported	\$13,514,849	\$9,389,356	\$9,389,356
Adjustment to defer tax revenue	<u>(5,129,533)</u>	<u>(1,001,732)</u>	<u>(1,001,732)</u>
Net assets at December 31, 2004, restated	<u>\$ 8,385,316</u>	<u>\$8,387,624</u>	<u>\$8,387,624</u>

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**V. Other information – (continued)**

**H. Upcoming reporting changes**

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pension*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree healthcare, as well as any “other” postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending June 30, 2010. Management is currently assessing the impact of this new accounting standard on the Township’s financial statement for future reporting periods.

**I. Contingency**

The Township has several tax appeals pending by taxpayers regarding prior tax payments and taxable values. No amounts have been recorded in the financial statements because the probability of the outcome and the possible loss cannot be estimated.

**VI. Industrial revenue bonds outstanding (conduit debt)**

**Bonding project:**

During 1988, the Township established the Economic Development Corporation of the Charter Township of Flint. The Corporation issued \$4,500,000 in limited obligation economic development revenue bonds during 1988. Since the bonds are payable solely from the net revenues derived from the project and the bonds are not a general obligation of the corporation or the Township, the bonds have not been reflected in the financial statements of the Township. Details of the bonding project are as follows:

Project:	Baker College Campus
Amount of issue:	\$4,500,000
Date of issue:	November 9, 1988
Rate and terms:	Tax exempt floating rate

The Corporation issued \$4,500,000 in limited obligation economic development revenue bonds during 1990. Details of the bonding project are as follows:

Project:	Genesee County Real Estate, Inc.
Amount of issue:	\$4,500,000
Date of issue:	September 26, 1990
Rate and terms:	Tax exempt floating rate

The Corporation issued \$2,500,000 in limited obligation economic development revenue bonds during 1997. Details of the bonding project are as follows:

Project:	Baker College of Flint 1998 Project
Amount of issue:	\$2,500,000
Date of issue:	July 1, 1998
Rate and terms:	Tax-exempt floating rate

**Charter Township of Flint, Michigan**  
**Notes to Basic Financial Statements**  
**December 31, 2005**

**VI. Industrial revenue bonds outstanding (conduit debt) - (continued)**

The Corporation issued \$2,500,000 in limited obligation economic development revenue bonds during 2003. Details of the bonding project are as follows:

Project:	PME International, LLC and PME Properties, LLC
Amount of issue:	\$2,500,000
Date of issue:	July 30, 2003
Rate and terms:	Tax-exempt floating rate

## **Required Supplementary Information**

**Charter Township of Flint  
Required Supplementary Information  
Analysis of Funding Progress**

**Pension Plans  
Three Year Trend Information \***

<u>Plan Year End</u>	<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
<u>Firefighters' Pension Trust:</u>				
12/31/05	12/31/05	\$370,488	%	\$
12/31/04	12/31/04	225,131	162.1	(361,034)
12/31/03	12/31/03	220,326	143.5	(221,082)
<u>Police and Controller's Pension Plan:</u>				
12/31/05	12/31/04	\$180,232	%	\$
12/31/04	12/31/03	170,676	117.5	(149,665)
12/31/03	12/31/02	165,252	111.2	(119,703)
<u>Clerical/Full-Time Non-Union Plan:</u>				
12/31/05	12/31/04	\$ 47,569	%	\$
12/31/04	12/31/03	40,716	100.0	(11,186)
12/31/03	12/31/02	35,376	131.5	(11,154)

**Charter Township of Flint  
General Fund  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Amended Budget</b>
	<b>Original</b>	<b>Amended</b>		
<b>Revenues:</b>				
<u>Taxes</u>				
Current taxes	\$ 4,995,706	\$ 4,995,706	\$ 4,962,452	\$ (33,254)
Special assessments	2,000	2,000	343	(1,657)
Total taxes	4,997,706	4,997,706	4,962,795	(34,911)
<u>Licenses and permits</u>				
Business licenses and permits	67,960	108,960	51,476	(57,484)
Building permits	283,500	283,500	258,602	(24,898)
Dog license fees	150	150	134	(16)
Total licenses and permits	351,610	392,610	310,212	(82,398)
<u>Federal</u>				
Grant income	54,318	54,318	48,314	(6,004)
<u>State and Local</u>				
Fire department grant	2,000	2,000	1,000	(1,000)
State shared revenue	2,675,436	2,675,436	2,579,733	(95,703)
Grant income	68,783	68,783	97,338	28,555
Metro act	20,000	20,000	20,784	784
Liquor law enforcement	20,000	20,000	22,103	2,103
Total intergovernmental - state	2,786,219	2,786,219	2,720,958	(65,261)
<u>Charges for services</u>				
Police services	89,035	89,035	106,721	17,686
Trailer park fees	9,000	9,000	9,051	51
Property tax administration fees	414,000	414,000	429,831	15,831
Zoning fees	18,050	18,050	7,400	(10,650)
Permit fees	165,808	165,808	143,116	(22,692)
Street lighting	268,800	268,800	276,150	7,350
Weeds and demolition	35,000	35,000	40,983	5,983
Summer tax fees	52,650	52,650	44,892	(7,758)
Cable TV fees	357,000	357,000	347,694	(9,306)
Carman phase III contribution	83,191	83,191	78,938	(4,253)
Administrative fees	252,500	252,500	247,554	(4,946)
Planning commission fees	33,110	33,110	26,105	(7,005)
Total charges for services	1,778,144	1,778,144	1,758,435	(19,709)
<u>Fines and forfeits</u>				
Interest, fees, and penalties	22,500	22,500	26,238	3,738
Uniform traffic code fines	52,000	52,000	50,678	(1,322)
Total fines and forfeits	74,500	74,500	76,916	2,416
<u>Interest</u>	90,000	90,000	132,926	42,926
<u>Other revenue</u>	94,000	94,000	411,510	317,510
Total revenues	\$10,226,497	\$10,267,497	\$ 10,422,066	\$ 154,569

(continued)

**Charter Township of Flint**  
**General Fund**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual (continued)**  
**For the Year Ended December 31, 2005**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
<b>Expenditures:</b>				
<u>General government</u>				
Township board:				
Salaries - board members	\$ 30,000	\$ 30,000	\$ 28,231	\$ 1,769
Fringe benefits	35,935	44,830	44,084	746
Printing and publishing	12,000	12,000	12,845	(845)
Conference and workshop	1,600	1,600	1,457	143
Dues and memberships	50	50	-	50
Miscellaneous	100	100	140	(40)
Total township board	79,685	88,580	86,757	1,823
Supervisor's office:				
Salary - supervisor	54,306	54,306	52,724	1,582
Wages	29,423	29,423	26,594	2,829
Fringe benefits	33,301	42,564	41,734	830
Office supplies	750	750	567	183
Repair and maintenance	750	750	803	(53)
Education and training	250	250	125	125
Conference and workshop	1,500	1,500	1,448	52
Portable communications	750	750	645	105
Transportation	350	350	201	149
Dues and memberships	350	350	350	-
Miscellaneous	200	200	(350)	550
New equipment	1,500	1,500	1,606	(106)
Total supervisor's office	123,430	132,693	126,447	6,246
Election commission	76,658	76,658	66,138	10,520
Assessor's office:				
Wages - permanent	170,092	170,092	172,354	(2,262)
Fringe benefits	66,258	66,258	74,298	(8,040)
Office supplies	1,000	1,000	599	401
Legal fees	18,820	18,820	1,650	17,170
Miscellaneous	200	200	215	(15)
Contractual services	70,490	70,490	56,200	14,290
Transportation	900	900	350	550
Conference and workshop	2,480	2,480	1,047	1,433
Repair and maintenance	4,380	4,380	2,721	1,659
Portable communications	830	830	547	283

(continued)



**Charter Township of Flint**  
**General Fund**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual (continued)**  
**For the Year Ended December 31, 2005**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Amended Budget</b>
	<b>Original</b>	<b>Amended</b>		
<u>General government - (continued)</u>				
Assessor's office: - (continued)				
Printing and publishing	11,731	11,731	<b>9,909</b>	1,822
Dues and memberships	880	880	<b>840</b>	40
New equipment	1,650	1,650	<b>2,621</b>	(971)
Total assessor's office	349,711	349,711	<b>323,351</b>	26,360
Clerk's department:				
Salary - clerk	49,053	49,053	<b>48,853</b>	200
Wages - permanent	54,339	54,339	<b>49,320</b>	5,019
Wages - part-time	5,000	5,000	-	5,000
Fringe benefits	30,286	30,286	<b>32,051</b>	(1,765)
Communications	864	864	<b>786</b>	78
New equipment	700	700	<b>600</b>	100
Office supplies	850	850	<b>750</b>	100
Transportation	175	175	<b>93</b>	82
Conference and workshop	2,000	2,000	<b>2,754</b>	(754)
Repair and maintenance	150	150	<b>346</b>	(196)
Dues and memberships	500	500	<b>390</b>	110
Miscellaneous	150	150	<b>50</b>	100
Printing and publishing	1,500	1,500	<b>156</b>	1,344
Building additions & improvements	200	200	-	200
Total clerk's department	145,767	145,767	<b>136,149</b>	9,618
Controller's office:				
Wages	172,106	175,866	<b>171,382</b>	4,484
Fringe benefits	70,660	82,366	<b>84,288</b>	(1,922)
Office supplies	2,000	2,000	<b>1,267</b>	733
Transportation	200	200	<b>121</b>	79
Repair and maintenance	4,800	4,800	<b>5,316</b>	(516)
Miscellaneous expense	100	100	<b>18</b>	82
Conference and workshop	900	900	<b>573</b>	327
Dues and memberships	325	325	<b>250</b>	75
Lease payments	881	881	<b>881</b>	-
New equipment	1,400	1,400	<b>558</b>	842
Total controller's office	253,372	268,838	<b>264,654</b>	4,184

(continued)

**Charter Township of Flint  
General Fund  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual (continued)  
For the Year Ended December 31, 2005**

	<b>Budgeted</b>			<b>Variance With Amended Budget</b>
	<b>Original</b>	<b>Amended</b>	<b>Actual</b>	
<u>General government - (continued)</u>				
Treasurer's department:				
Salary	50,253	50,253	<b>49,019</b>	1,234
Wages - permanent	67,921	67,921	<b>60,397</b>	7,524
Wages-temporary	5,000	5,000	<b>10,010</b>	(5,010)
Fringe benefits	37,729	37,729	<b>35,983</b>	1,746
Office supplies	950	950	<b>1,071</b>	(121)
New equipment	5,000	5,000	<b>3,131</b>	1,869
Transportation	150	150	<b>168</b>	(18)
Conference and workshop	1,700	1,700	<b>2,353</b>	(653)
Rentals	-	-	<b>665</b>	(665)
College tuition reimbursement	500	500	-	500
Contractual services	18,000	18,000	<b>10,500</b>	7,500
Communications	400	400	<b>451</b>	(51)
Repair and maintenance	650	650	<b>626</b>	24
Dues and memberships	200	200	<b>307</b>	(107)
Printing and publishing	300	300	-	300
Miscellaneous	225	225	<b>413</b>	(188)
Education and training	250	250	-	250
Preparation of tax roll	23,000	23,000	<b>25,530</b>	(2,530)
Total treasurer's department	212,228	212,228	<b>200,624</b>	11,604
Township hall and grounds:				
Salaries - ground care	17,475	17,475	<b>18,240</b>	(765)
Wages - temporary	-	-	<b>100</b>	(100)
Fringe benefits	3,826	3,826	<b>2,707</b>	1,119
Office supplies	14,500	14,500	<b>15,931</b>	(1,431)
New equipment	1,500	23,500	<b>21,265</b>	2,235
Cleaning supplies	1,000	1,000	<b>1,070</b>	(70)
Contractual services	14,500	15,763	<b>15,715</b>	48
Repair and maintenance	16,000	20,890	<b>19,067</b>	1,823
Transportation	400	400	<b>462</b>	(62)
Printing and publishing	4,850	4,850	<b>4,378</b>	472
Telephone	10,450	13,200	<b>14,940</b>	(1,740)
Utilities	10,000	17,626	<b>19,070</b>	(1,444)
Rental	4,750	4,750	<b>4,789</b>	(39)
Miscellaneous	1,950	1,950	<b>1,258</b>	692
Building additions and improvements	-	-	<b>276,705</b>	(276,705)
Total township hall and grounds	101,201	139,730	<b>415,697</b>	(275,967)

(continued)

**Charter Township of Flint  
General Fund  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual (continued)  
For the Year Ended December 31, 2005**

	Budgeted			Variance With Amended Budget
	Original	Amended	Actual	
General government - (continued)				
General administrative:				
Highways and streets	60,000	60,000	37,215	22,785
Street lighting	290,000	290,000	278,138	11,862
Dust prevention	15,500	15,500	12,989	2,511
Weed control	27,000	27,000	20,266	6,734
Garbage collection	1,052,415	1,085,512	1,100,289	(14,777)
Contractual services-cemetery	15,000	15,000	13,568	1,432
Lease expense	295,416	295,416	295,416	-
Signal charges	6,000	6,000	7,143	(1,143)
Miscellaneous	11,750	11,750	13,824	(2,074)
Retiree benefits	314,992	330,992	336,262	(5,270)
Unemployment benefits	-	-	35,961	(35,961)
MTA dues	-	-	2,644	(2,644)
County Pictometry project	-	4,090	4,090	-
Total general administrative	2,088,073	2,141,260	2,157,805	(16,545)
Professional services:				
Legal fees	65,000	65,000	75,674	(10,674)
Auditing fees	16,000	16,000	14,963	1,037
Labor negotiations	31,500	31,500	20,175	11,325
Computer technical support	32,000	33,600	34,474	(874)
Total professional services	144,500	146,100	145,286	814
Civil service:				
Salaries and wages	1,350	1,350	300	1,050
Part-time wages	1,700	1,700	600	1,100
Fringe benefits	270	270	90	180
Per diem	-	-	450	(450)
Office supplies	600	600	(102)	702
Printing and publishing	1,080	1,080	291	789
Miscellaneous	0	0	-	-
Total civil service	5,000	5,000	1,629	3,371
Board of review:				
Wages	180	0	-	-
Part-time wages	3,150	3,150	2,890	260
Fringe benefits	280	260	221	39
Office supplies	120	120	-	120
Printing and publishing	490	490	129	361
Conferences and workshops	130	130	78	52
Total board of review	4,350	4,150	3,318	832

(continued)

**Charter Township of Flint  
General Fund  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual (continued)  
For the Year Ended December 31, 2005**

	Budgeted		Actual	Variance With Amended Budget
	Original	Amended		
<u>General government - (continued)</u>				
Liquor advisory commission:				
Salaries and wages	235	235	250	(15)
Part-time wages	400	400	250	150
Fringe benefits	55	55	55	-
Total liquor advisory commission	690	690	555	135
Planning commission:				
Salaries and wages	1,550	1,550	1,650	(100)
Part-time wages	6,000	6,000	5,450	550
Fringe benefits	769	769	680	89
Dues and memberships	500	500	485	15
Transportation	200	200	-	200
Conferences and workshops	600	600	215	385
Total planning commission	9,619	9,619	8,480	1,139
Zoning board of appeals:				
Salaries and wages	1,500	1,500	1,507	(7)
Part-time wages	3,000	3,000	2,011	989
Dues and memberships	300	300	455	(155)
Conference and workshops	250	250	-	250
Mileage	100	100	-	100
Fringe benefits	588	588	394	194
Total zoning board of appeals	5,738	5,738	4,367	1,371
Total general government	3,600,022	3,726,762	3,941,257	(214,495)
<u>Public safety</u>				
Fire department:				
Salary - permanent	1,008,456	1,008,456	960,365	48,091
Wages - on call firemen and other	73,000	73,000	69,191	3,809
Fringe benefits	668,372	668,372	688,598	(20,226)
Uniforms	27,750	27,750	14,524	13,226
Office supplies	3,000	3,000	1,417	1,583
Cleaning supplies	1,800	1,800	1,262	538
Operating supplies	10,000	10,000	8,771	1,229
New equipment	30,920	30,920	11,568	19,352
Transportation	12,000	12,000	17,458	(5,458)
Repair and maintenance	85,000	85,000	63,555	21,445
Dues and memberships	3,000	3,000	2,705	295
Conference and workshop	10,000	10,000	3,165	6,835
Building additions and improvements	16,000	80,000	67,817	12,183
Community promotion	6,000	6,000	2,100	3,900

(continued)

**Charter Township of Flint**  
**General Fund**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual (continued)**  
**For the Year Ended December 31, 2005**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Amended Budget</b>
	<b>Original</b>	<b>Amended</b>		
<u>Public safety - (continued)</u>				
Fire department: - (continued)				
Miscellaneous	1,000	1,000	<b>300</b>	700
Radio maintenance	2,500	2,500	<b>2,225</b>	275
Rentals	2,500	2,500	<b>1,853</b>	647
College tuition reimbursement	3,000	3,000	-	3,000
Telephone	21,500	21,500	<b>28,145</b>	(6,645)
Utilities	26,000	26,000	<b>29,516</b>	(3,516)
Total fire department	<b>2,011,798</b>	<b>2,075,798</b>	<b>1,974,535</b>	101,263
Police department:				
Wages	2,755,605	2,755,605	<b>2,617,241</b>	138,364
Part-time wages	33,103	33,103	<b>23,436</b>	9,667
Fringe benefits	1,001,496	1,001,496	<b>1,066,274</b>	(64,778)
Uniforms	20,000	20,000	<b>24,894</b>	(4,894)
Office supplies	10,000	10,000	<b>6,327</b>	3,673
Operating supplies	48,000	48,000	<b>34,507</b>	13,493
New equipment	57,900	59,654	<b>207,902</b>	(148,248)
Transportation	72,000	72,000	<b>94,650</b>	(22,650)
Repair and maintenance	206,750	206,750	<b>207,671</b>	(921)
Rentals	3,720	3,720	<b>4,013</b>	(293)
Dues and memberships	2,223	2,223	<b>1,380</b>	843
Community promotion	5,000	5,000	<b>2,678</b>	2,322
Miscellaneous	20,000	20,000	<b>1,810</b>	18,190
Radio maintenance	3,000	3,000	<b>5,978</b>	(2,978)
Telephone	25,000	25,000	<b>11,809</b>	13,191
Portable communications	10,000	10,000	<b>10,131</b>	(131)
Printing and publishing	4,000	4,000	<b>2,413</b>	1,587
College tuition reimbursement	7,600	7,600	<b>1,320</b>	6,280
Education and training	20,000	20,000	<b>8,456</b>	11,544
Drug investigations	500	-	-	-
Awards and banquets	7,500	7,500	-	7,500
Drug forfeiture	2,000	2,000	<b>1,572</b>	428
Genesee County Narcotics	18,117	18,117	-	18,117
Contractual services	17,940	17,940	<b>15,342</b>	2,598
Per diem fees	250	250	<b>622</b>	(372)
GAIN contribution	8,000	8,000	<b>8,000</b>	-
D.A.R.E. program	-	500	-	500
Lease payment	111,550	111,550	<b>111,550</b>	-
Equipment lease	9,048	9,048	<b>8,294</b>	754
Utilities	65,000	65,000	<b>47,291</b>	17,709
Emergency 911 Consortium	177,586	177,586	<b>151,699</b>	25,887
Total police department	<b>4,722,888</b>	<b>4,724,642</b>	<b>4,677,260</b>	47,382

(continued)

**Charter Township of Flint  
General Fund  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual (continued)  
For the Year Ended December 31, 2005**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Amended Budget</b>
	<b>Original</b>	<b>Amended</b>		
<b>Public safety - (continued)</b>				
Building department:				
Salary and wages	197,106	197,106	<b>184,813</b>	12,293
Fringe benefits	50,584	50,584	<b>52,962</b>	(2,378)
Office supplies	3,000	3,000	<b>2,656</b>	344
New equipment	2,600	2,600	<b>1,340</b>	1,260
Operating supplies	2,000	2,000	<b>2,573</b>	(573)
Transportation	1,850	1,850	<b>2,712</b>	(862)
Repair and maintenance	3,500	3,500	<b>1,909</b>	1,591
Contractual services	16,000	53,000	<b>40,068</b>	12,932
Conference and workshop	1,000	1,000	<b>782</b>	218
Dues and memberships	300	300	<b>734</b>	(434)
Architectural assistance	500	500	-	500
Miscellaneous	300	300	<b>184</b>	116
Printing and publishing	2,500	2,500	<b>450</b>	2,050
Telephone	4,000	4,000	<b>5,024</b>	(1,024)
Education and training	500	500	-	500
Equipment lease	2,056	2,056	<b>1,457</b>	599
Utilities	2,200	2,200	<b>4,332</b>	(2,132)
Total building department	<b>289,996</b>	<b>326,996</b>	<b>301,996</b>	<b>25,000</b>
Trade inspections:				
Salary and wages	49,680	49,680	<b>50,414</b>	(734)
Wages-trade inspector	64,428	67,018	<b>64,755</b>	2,263
Fringe benefits	25,878	27,927	<b>28,010</b>	(83)
Office supplies	1,500	1,500	<b>1,458</b>	42
Miscellaneous	200	200	-	200
Operating supplies	600	600	<b>410</b>	190
Auditing fees	7,725	7,725	<b>7,725</b>	-
Contractual services	500	500	-	500
Telephone	1,050	1,050	<b>1,483</b>	(433)
Transportation	750	750	<b>289</b>	461
Printing and publishing	350	350	-	350
Utilities	1,200	1,200	<b>1,262</b>	(62)
Repair and maintenance	500	500	<b>443</b>	57
Fair market rental value	10,500	10,500	<b>10,500</b>	-
Insurance	5,805	5,805	<b>5,868</b>	(63)
Conferences and workshops	2,400	2,400	<b>978</b>	1,422
Equipment	800	800	<b>144</b>	656
Lease payments	-	1,350	<b>1,233</b>	117
Dues and subscriptions	400	400	<b>140</b>	260
Total trade inspections	<b>174,266</b>	<b>180,255</b>	<b>175,112</b>	<b>5,143</b>
Total public safety	<b>7,198,948</b>	<b>7,307,691</b>	<b>7,128,903</b>	<b>178,788</b>

(continued)

**Charter Township of Flint  
General Fund  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual (continued)  
For the Year Ended December 31, 2005**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
<u>Recreation and cultural</u>				
Library/Senior Citizens Center	53,419	53,419	<b>55,173</b>	(1,754)
<u>Insurance</u>				
General	184,452	184,452	<b>190,496</b>	(6,044)
Worker's compensation	175,000	175,000	<b>156,554</b>	18,446
Total insurance	359,452	359,452	<b>347,050</b>	12,402
Total expenditures	11,211,841	11,447,324	<b>11,472,383</b>	(25,059)
Deficiency of revenues over expenditures	(985,344)	(1,179,827)	<b>(1,050,317)</b>	129,510
<b>Other financing sources:</b>				
Sub-lease income - state police post	319,562	319,562	<b>319,561</b>	(1)
Sale of property and equipment	12,000	12,000	<b>23,958</b>	11,958
Transfers in	146,882	146,882	<b>120,444</b>	(26,438)
Proceeds from capital lease obligation	-	-	<b>125,270</b>	125,270
Total other financing sources	478,444	478,444	<b>589,233</b>	110,789
Deficiency of revenues and other sources over expenditures and other uses	(506,900)	(701,383)	<b>(461,084)</b>	240,299
Fund balance - beginning of year	1,203,500	1,203,500	<b>1,203,500</b>	-
<b>Fund balance - end of year</b>	<b>\$ 696,600</b>	<b>\$ 502,117</b>	<b>\$ 742,416</b>	<b>\$ 240,299</b>

## **Combining Fund Statements and Fund Descriptions**



**Charter Township of Flint, Michigan  
Nonmajor Governmental Funds  
Summary Descriptions  
December 31, 2005**

**Special Revenue Funds**

The Community Development Fund accounts for revenues and expenditures incurred by the Township as a sub-grantee.

The Drug Abuse Resistance Education Fund activities related to drug abuse prevention and education training is used to account for a special property tax levy approved by voters to provide additional police protection for neighborhoods.

The Public Improvement Fund accounts for non-tax revenues set aside for capital projects. Expenditures in this fund are limited to capital projects or large capital purchases.

The Building Authority Fund accounts for revenues and expenditures for the purpose of overseeing construction projects.

**Debt Service Funds**

The Debt Service Fund was established to accumulate resources for the payment of the Building Authority Bonds - Series 2003.

**Charter Township of Flint, Michigan  
Fiduciary Funds  
Summary Descriptions  
December 31, 2005**

**Pension Trust Funds**

The Firefighters Pension is used to account for the financial operations of a retirement plan for firemen.

**Agency Funds**

The General Agency Fund is used to account for delinquent property taxes levied by other taxing units and other assets held by the Township as an agent for individuals, private organizations, other governments, and other funds.

The Tax Agency Fund is used to account for cash receipts and disbursements of current property taxes levied by other taxing units and other funds.

**Charter Township of Flint  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2005**

<b>Special Revenue</b>				
<b>Assets</b>	<b>Community Development</b>	<b>Drug Abuse Resistance Education</b>	<b>Public Improvement</b>	<b>Building Authority</b>
Cash and cash equivalents	\$ -	\$ -	\$ 367	\$ 16,426
Due from other funds	-	-	-	-
Due from other governments	117,645	-	-	-
Deferred bond expense - net	-	-	-	37,776
<b>Total assets</b>	<b>\$ 117,645</b>	<b>-</b>	<b>\$ 367</b>	<b>\$ 54,202</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 11,548
Due to other funds	117,645	-	-	-
<b>Total liabilities</b>	<b>117,645</b>	<b>-</b>	<b>-</b>	<b>11,548</b>
<b>Fund balances:</b>				
Unreserved	-	-	367	42,654
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>367</b>	<b>42,654</b>
<b>Total liabilities and     fund balances</b>	<b>\$ 117,645</b>	<b>\$ - 0 -</b>	<b>\$ 367</b>	<b>\$ 54,202</b>

**Debt Service**

<b>Building Authority Series 2002</b>	<b>Totals</b>	
	<b>2005</b>	<b>2004</b>
\$ 5,549	\$ 22,342	\$ 122,674
-	-	50,444
-	117,645	1,517
-	37,776	39,197
<hr/>		
\$ 5,549	\$ 177,763	\$ 213,832
<hr/>		
\$ 138	\$ 11,686	\$ 82,896
-	117,645	1,517
<hr/>		
138	129,331	84,413
<hr/>		
5,411	48,432	129,419
<hr/>		
5,411	48,432	129,419
<hr/>		
\$ 5,549	\$ 177,763	\$ 213,832
<hr/>		

**Charter Township of Flint**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2005**  
**With Comparative Totals for the Year Ended December 31, 2004**

	<u>Special Revenue</u>			
	<u>Community Development</u>	<u>Drug Abuse Resistance Education</u>	<u>Public Improvement</u>	<u>Building Authority</u>
<b>Revenues:</b>				
Federal grants	\$ 266,412	\$ -	\$ -	\$ -
Interest	-	-	772	171
Other revenue	-	-	-	39,260
Total revenues	266,412	-	772	39,431
<b>Expenditures:</b>				
Current:				
General government	-	-	-	250
Public safety	258,933	-	-	-
Recreation and cultural	7,479	-	-	-
Amortization expense	-	-	-	1,421
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Total expenditures	266,412	-	-	1,671
Excess (deficiency) of revenues over expenditures	-	-	772	37,760
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	(50,444)	(55,000)	(15,000)
Total other financing sources (uses)	-	(50,444)	(55,000)	(15,000)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(50,444)	(54,228)	22,760
Fund balances - beginning of year	-	50,444	54,595	19,894
<b>Fund balances - end of year</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ 367</b>	<b>\$ 42,654</b>

# Debt Service

Building Authority Series 2002	Totals	
	2005	2004
\$ -	\$ 266,412	\$ 181,997
-	943	2,750
111,550	150,810	122,043
111,550	418,165	306,790
-	250	9,918
-	258,933	163,509
-	7,479	18,488
-	1,421	1,421
-	-	337,464
30,000	30,000	30,000
80,625	80,625	81,826
110,625	378,708	642,626
925	39,457	(335,836)
-	-	54,055
-	(120,444)	(42,749)
-	(120,444)	11,306
925	(80,987)	(324,530)
4,486	129,419	453,949
\$ 5,411	\$ 48,432	\$ 129,419

**Charter Township of Flint**  
**Special Revenue Funds**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended December 31, 2005**

<b>Drug Abuse Resistance Education</b>			
	<b>Budgeted</b>		<b>Variance with Amended Budget</b>
	<b>Original</b>	<b>Amended</b>	
<b>Revenues:</b>			
Interest	\$ -	\$ -	\$ -
<b>Other financing sources (uses):</b>			
Transfers out	-		(50,444)
Total other uses	-	-	(50,444)
Deficiency of revenue and other sources over expenditures	-	-	(50,444)
Fund balance - beginning of year	50,444	50,444	50,444
<b>Fund balance - end of year</b>	<b>\$50,444</b>	<b>\$ 50,444</b>	<b>\$ - 0 -</b>

**Public Improvement**

<b>Budgeted</b>		<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Original</b>	<b>Amended</b>		
\$ -	\$ -	\$ 772	\$ 772
-	-	(55,000)	(55,000)
-	-	(55,000)	(55,000)
-	-	(54,228)	(54,228)
54,595	54,595	54,595	-
\$ 54,595	\$ 54,595	\$ 367	\$ (54,228)



**Charter Township of Flint  
Combining Balance Sheet  
Agency Funds  
December 31, 2005**

<b>Agency Funds</b>			
	<b>General Agency</b>	<b>Tax Collection</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 412,737	\$ 2,847,996	\$ 3,260,733
Receivables:			
Delinquent taxes receivable	231,696	-	231,696
Due from other funds	-	-	-
Total assets	<u>\$ 644,433</u>	<u>\$ 2,847,996</u>	<u>\$ 3,492,429</u>
<b>Liabilities</b>			
Accrued liabilities	\$ 392,369	\$ -	\$ 392,369
Due to other funds	-	-	-
Due to other governments	218,666	406	219,072
Undistributed taxes	33,398	2,847,590	2,880,988
Total liabilities	<u>\$ 644,433</u>	<u>\$ 2,847,996</u>	<u>\$ 3,492,429</u>

**Charter Township of Flint  
Agency Funds  
Combining Statement of Changes in Assets and Liabilities  
For the Year Ended December 31, 2005**

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
<b><u>General Agency</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 258,848	\$ 6,410,879	\$ 6,256,990	\$ 412,737
Delinquent taxes receivable	205,172	269,650	243,126	231,696
Total assets	<u>\$ 464,020</u>	<u>\$ 6,680,529</u>	<u>\$ 6,500,116</u>	<u>\$ 644,433</u>
<b>Liabilities</b>				
Accrued liabilities	\$ 199,654	\$ 6,460,452	\$ 6,267,737	\$ 392,369
Due to other funds	26,515	28,608	55,123	-
Due to other governments	203,607	209,301	194,242	218,666
Undistributed taxes	34,244	40,179	41,025	33,398
Total liabilities	<u>\$ 464,020</u>	<u>\$ 6,738,540</u>	<u>\$ 6,558,127</u>	<u>\$ 644,433</u>
<b><u>Tax Collection</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 511,053	\$ 44,041,827	\$ 41,704,884	\$ 2,847,996
Due from other funds	1,028	1,028	2,056	-
Total assets	<u>\$ 512,081</u>	<u>\$ 44,042,855</u>	<u>\$ 41,706,940</u>	<u>\$ 2,847,996</u>
<b>Liabilities</b>				
Due to other governments	\$ 4,036	\$ 41,693,031	\$ 41,696,661	\$ 406
Undistributed taxes	508,045	84,156,524	81,816,979	2,847,590
Total liabilities	<u>\$ 512,081</u>	<u>\$ 125,849,555</u>	<u>\$ 123,513,640</u>	<u>\$ 2,847,996</u>
<b><u>Total All Agency Funds</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 769,901	\$ 50,452,706	\$ 47,961,874	\$ 3,260,733
Delinquent taxes receivable	205,172	269,650	243,126	231,696
Due from other funds	1,028	1,028	2,056	-
Total assets	<u>\$ 976,101</u>	<u>\$ 50,723,384</u>	<u>\$ 48,207,056</u>	<u>\$ 3,492,429</u>
<b>Liabilities</b>				
Accrued liabilities	\$ 199,654	\$ 6,460,452	\$ 6,267,737	\$ 392,369
Due to other funds	26,515	28,608	55,123	-
Due to other governments	207,643	41,902,332	41,890,903	219,072
Undistributed taxes	542,289	84,196,703	81,858,004	2,880,988
Total liabilities	<u>\$ 976,101</u>	<u>\$ 132,588,095</u>	<u>\$ 130,071,767</u>	<u>\$ 3,492,429</u>



Plante & Moran, PLLC

Suite 1A

111 E. Court St.

Flint, MI 48502

Tel: 810.767.5350

Fax: 810.767.8150

plantemoran.com

April 26, 2006

Honorable Members of the  
Township Board  
Charter Township of Flint  
1490 South Dye Road  
Flint, Michigan 48532

Dear Township Board Members:

We recently completed our audit of the basic financial statements of the Charter Township of Flint, Michigan (Township) for the year ended December 31, 2005. As a result of our audit, we have the following comments and recommendations for your review and consideration.

#### **ACH Policy**

During the audit, it was noted that the Township did not have an official ACH (wire transfer) policy. We recommend the Board formally approve an ACH (wire transfer) policy in accordance with Public Act 738 of 2002.

#### **Surface Water and Drain Payments**

During our audit, we identified expenditures for surface water management (drains) paid from the Water and Sewer Fund. The allowability of the mentioned expenditures from the Sewer and Water Funds should be verified for legality by the Township attorney.

#### **Postemployment Benefit Coverage**

Governmental Accounting Standards Board has released Statement No. 45, *Accounting and Reporting for Employers for Postemployment Benefits Other Than Pensions*. The new rules will cause the government-wide financial statements to recognize the cost of providing retiree postemployment benefit coverage over the working life of an employee, rather than at the time the costs are paid.

We would like to express our thanks and appreciation for the courtesy and cooperation extended to us by the Township staff during the audit. We appreciate the opportunity to serve as your auditors. If there are any questions about your financial report or the above comments and recommendation, we would be happy to discuss them at your convenience.

Sincerely,

Plante & Moran, PLLC

Peggy Hawn Jury, CPA, CFE

A member of

